



## Programs and Opportunities

### U.S. Soybean Growers Celebrate 50 Years Of Market Development in Japan

**By Bob Callanan**

More than 50 years ago, U.S. soybean farmers set a course to explore and secure a large share of the global marketplace. That forward thinking, and many years of successful market development activities, led U.S. soybeans to become the single highest value U.S. agricultural export. In marketing year 2004, \$9 billion worth — 50 percent — of the U.S. soybean crop was exported as whole soybeans, processed meal and oil, and as a feed component of meat and poultry exports. The 2005 crop value is somewhat lower, \$17.4 billion, but total export value was still about \$9 billion. Much of this success can be attributed to U.S. soybean farmers' focusing marketing efforts on Japan, one of the top three U.S. agricultural markets for the past half century.

Japan's importance as an agricultural market will likely continue for the foreseeable future. In fiscal 2006, U.S. agricultural exports are forecast to reach \$67 billion, and Japan is forecast to be the third largest U.S. customer, with

purchases of \$8 billion. Soybeans make up most of Japan's oilseed imports, forecast to total 4.2 million metric tons in 2006, and the U.S. share should remain at the 2005 level, roughly 76 percent.

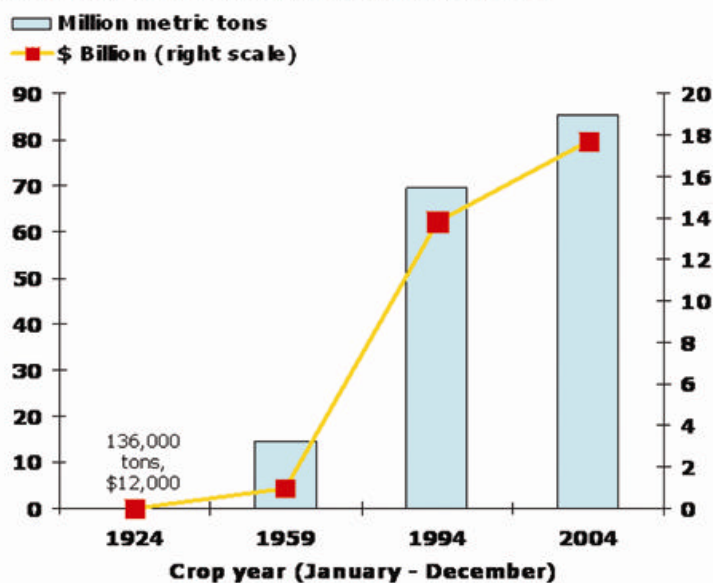
Based on 2005 purchases, ASA (the American Soybean Association) anticipates that Japan will be the second largest purchaser of U.S. soybeans and soybean products this year, buying more than \$1 billion, which includes nearly 100,708 metric tons of high-value, IP (identity preserved), food grade soybeans. The IP soybean market is driven by user requirements for specialty varieties.

Before 1940, the U.S. soybean industry was in its infancy, with production (and demand) far below commercial levels. But World War II fueled a massive expansion as supplies of tropical oils from Asia and other edible fats dried up. Between 1940 and 1946, U.S. soybean production nearly tripled, from 78 to 201 million bushels, driven primarily by the demand for oil. No longer was the soybean viewed as anything but a major oilseed contender. Ironically, following the war, Japan and Germany became two of the earliest international markets for U.S. soybeans, and today they remain very important customers.

#### **Celebrating a Market**

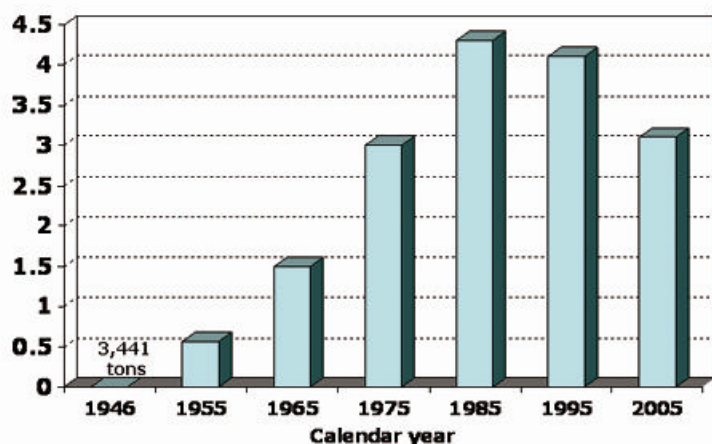
For U.S. soybean farmers, Japan proved the ideal market to begin export promotion activities. The soybean, in addition to its value in cooking oil and high-protein feed, was widely consumed in a variety of traditional Japanese foods. So Japan needed a reliable source of soybeans.

**In the Past 80 Years, U.S. Soybean Production Has Grown Exponentially by Volume and Value**



### In the Past 60 Years, U.S. Exports of Soybeans to Japan Have Also Surged

Million metric tons



A series of soybean grower initiatives and U.S. government policies led to the opening of ASA's international marketing office in Japan in 1956. ASA's Japanese office was the very first foreign commodity office to receive FAS funding for market development.

To mark the 50th anniversary of the office, farmer leaders and staff of ASA, state affiliates, ASA-IM (ASA International Marketing), USSEC (the U.S. Soybean Export Council), and USB (the United Soybean Board) will hold a celebration this August in Tokyo with join members of JOPA (the Japanese Oilseed Processors Association), JOFEIA (the Japan Oil Fats

Companies, state agriculture officials, and individuals interested in participating in the events commemorating the 50<sup>th</sup> anniversary of ASA's Tokyo office may contact:  
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Export Import Association), the Japan Federation of Miso Manufacturers Cooperative, and the Japan Tofu Association. USDA officials have also been invited. The celebration will coincide with partnership activities and the annual Food Bean Conference.

#### How It All Got Started

In the late 1940s, ASA representatives, prompted by increasing soybean production, began searching the far reaches of the globe for U.S. soybean markets. In 1955, ASA's first executive officer, George M. Strayer, wrote an editorial in *The Soybean Digest* calling for more exports.

Japan began importing small quantities of U.S. soybeans in 1946, when it bought 3,441 metric tons. By 1955, that quantity had soared to 572,052 tons. Also in that year, M. Hirano, managing director of Hohnen Oil Company and president of the Japan Oil and Fat Manufacturers Association, spoke at ASA's annual convention, where he stated two concerns limiting U.S. soybean sales: the inferior quality of U.S. beans compared with those from Manchuria, and the requirement for payment in U.S. dollars, which Japan did not have at the time.

ASA's Strayer and Howard Kurtz of USDA's Grain Grading Division studied how to overcome these problems. After much discussion, ASA and Japanese soybean industry groups decided to cooperate directly on market development programs, rather than working through the Japanese government.

In 1956, ASA became the official cooperator, using funds from P.L. 480 (Public Law 480, also known as Food for Peace) for soybean market promotion in Japan — the first time USDA funded a cooperator group to manage such activities.



Mr. and Mrs. George M. Strayer en route to Japan, October 1955. Strayer served as ASA's executive vice president and secretary-treasurer, 1940-67. Photos courtesy of the American Soybean Association, used by FAS with permission

### Soybean Market Development Activities

The following points demonstrate the activities of ASA (the American Soybean Association), ASA-IM (ASA International Marketing) offices in Japan and other Asian countries, USB (the United Soybean Board), and USSEC (the U.S. Soybean Export Council) to develop, increase, and enhance foreign markets for U.S. soybeans.

#### Activities in Japan

- Masako Tateishi, marketing manager for ASA-IM Japan, tracks and reports on use of soybeans in foods. In the first 6 months of 2003, use of beans for soymilk surged to 8,195 metric tons, up 47 percent from the same period in 2002. A new type of soymilk has been marketed in Japan made by crushing whole soybeans without removing okara, the soybean pulp. This soymilk contains more nutrients and fibers than conventional types. A Japanese soymilk maker plans to switch from Chinese organic and Japanese beans to Indiana, Ohio, and Michigan beans, which are large and high in protein. One of Japan's top soymilk makers has switched from Canadian to U.S. beans. Soybean supplies among some of Japan's top soymilk makers are tight because of skyrocketing soymilk demand.
- In collaboration with a popular cooking school, ASA-IM Japan conducted soy menu seminars in Tokyo and Osaka to promote new recipes using a variety of traditional soy foods, targeting nutritionists in hospitals, schools, government institutions, and catering companies. ASA-IM Japan explained importation and popular uses of U.S. IP food grade soybeans in Japan. The recipes were designed to meet nutritionists' needs for tasty, easy, economical, and nutritionally balanced meals.
- Each year since 1985, ASA-IM Japan has hosted a Soybean Quality Conference to discuss customer concerns, provide the latest information on the quality of the new U.S. crop, and get the Japanese industry's insights and estimates of future needs. About 150-200 participants, from crushers and traders to food manufacturers and the media, attend each year. Its Soybean Quality Conference in Japan has proved so successful that ASA-IM now holds them in South Korea and China and on Taiwan.
- At these conferences, ASA shares results of the annual U.S. Soybean Quality Survey with participants. Importers, processors, and other customers rely on the survey results for timely information on the quality and quantity they can expect from the latest U.S. soybean crop. International buyers use the results in their purchasing decisions for the upcoming year.
- The U.S. Soybean Quality Survey results are derived from aggregate information from 1,400 randomly selected ASA farmer members across the United States. The farmers send in soybean samples for a free analysis of protein and oil levels.
- Every year, ASA-IM Japan publishes and distributes to key contacts in the Japanese feed and livestock industries a new technical brochure. Written by ASA-IM consultant Karl Sera, the brochure covers uses of soybean meal and soy-related products in poultry and livestock production. The industries have found the brochures good information sources, and ASA-IM Japan has fulfilled numerous requests from feed pre-mix companies, agricultural universities, and extension offices for additional copies for staff education.
- ASA-IM Japan publishes a monthly newsletter of technical and promotional articles on soybean meal on its Web site. Recent articles discussed the processing density of grain combined with soybean meal for cattle feed and comments on a recent report from Canadian and U.S. researchers on supplementary feeding of tryptophan to modify pigs' behavior. ASA-IM has allowed livestock and feed companies and universities sometimes to use those articles for staff education.
- Sera has also conducted technical seminars on uses of roasted soybeans and soybean meal in poultry, swine, and cattle production for major feed millers and related specialists in Kyusyu region. Seminars covered guidelines for, and problems with, feeding roasted soy, and technical concepts for customers with fairly large integrated systems.
- In the past decade, ASA IM-Japan has successfully marketed soy ink, capturing more than 60 percent of the newspaper and offset ink markets. Soy ink continues to gain popularity in Japan as corporations become more environmentally conscious and new types of ink emerge. The "Printed with Soy Ink" logo signifies that the company uses inks that meet ASA criteria. Companies must register with the National Soy Ink Information Center to display the SoySeal; Japan has more than 4,700 such users.



- ASA-IM featured soy-based coatings and paints at its booth at Japan's 2006 Paint Show, highlighting opportunities for soy-based alternatives to petroleum products and soybean oil as a renewable resource. More than 400 people visited the booth and learned about these products.

- An ASA-IM Japan seminar, Creating Environmental Solutions with Methyl Soyate, targeted manufacturers of industrial cleaners and fine chemicals, traders, and media. Presentations included methyl soyate specifications for solvents, U.S. success stories, market updates, and regulatory issues for volatile organic compounds. Attendees also visited Kaneda Co., a major vegetable oil trader, Kawakami Paints Co., a leading paint manufacturer, and Koyo Chemicals Inc., a major printing cleaners manufacturer. These efforts prompted a number of potential manufacturers and traders to inquire about more opportunities to use methyl soyate.
- Educating companies on U.S. agrichemical use and regulations is an important part of ASA-IM Japan's work. To this end, ASA-IM Japan, in cooperation with the U.S. Grains Council and U.S. Wheat Associates, held seminars on U.S. agri-chemical management in Tokyo and Osaka that attracted more than 500 soybean buyers and retailers. ASA-IM staff also have effectively explained to Japanese importers how the U.S. regulatory systems on pesticides ensure a safe supply of U.S. soybeans for food and feed. ASA-IM provided a statement that helped the soy industry communicate the safety of U.S. soybeans to food retailers and consumers.

#### **Activities in the United States**

- In 2005, ASA-IM Japan's country director Tom Nishio escorted 13 executives from Japanese soybean processors and importers, all preferred customers on a visit to the University of Minnesota soybean research facility, soybean farms, barge and rail loading facilities, and major suppliers. The visitors and U.S. farmer leaders exchanged information and views on their respective needs and concerns. The visitors also learned about U.S. soybean infrastructure from the farm to the export elevator.
- ASA-IM Japan brought Nisshin Oillio Group's new uses team to the United States, where they visited leading lubricant manufacturers, a soil remediation company, and government research institutions, and attended a solvents and plastics meeting. Nisshin's director visited an IP (identity preserved) soybean supplier in Ohio and met with growers in Michigan. Nisshin is planning to develop some of the ideas from the visit for its own use.
- ASA conducted an orientation for its soy food specialists based in Japan, Taiwan, Thailand, Indonesia, and India. The specialists learned about the U.S. IP soybean system that produces and delivers specialty food grade varieties, including organic soybeans, from the farm to the customer. About 20 percent of Japan's purchases of U.S. soybeans is in the form of food grade beans. The team also established a dialog between Asian markets for specialty beans and U.S. suppliers.
- To produce a news program that focuses on technological advances and changes in food and agriculture, a team from Japan's Sapporo Television Broadcasting Company visited an organic soybean farm in North Dakota. The team then traveled to the Illinois farm of past ASA president Dwain Ford, where they looked over the fields and equipment. They also learned about the safety and benefits of soybean varieties derived from biotechnology and no-till production methods. The team also interviewed Stephen Censky, ASA's chief executive officer.
- USSEC officials met officials from JETRO, an arm of the Japanese government that collects information about countries abroad, as part of a fact-finding trip on U.S. biotech commodities. Japan's decisions will impact its delegation's stance at meetings of Biosafety Protocol member nations and of Codex Alimentarius (the international organization that formulates food and feed safety standards governing trade), which will be studying draft documents mandating labeling of every biotech component in food and feed ingredients. USSEC provided information showing that U.S. biotech crops benefit the environment and increase food and feed safety.
- IP food bean buying teams representing Japan, Taiwan, Thailand, Malaysia, Singapore, Indonesia, and the Philippines visited the United States to evaluate the current soybean crop for food uses and establish relationships with exporters. USSEC Asia marketing manager Alan Pook accompanied the teams, along with ASA-IM staff from each country. The teams attended the Midwest Specialty Grains Conference & Trade Show, and then split up on separate tours to visit IP soybean farms, seed companies, and grain terminals. The Wisconsin, North Dakota, Missouri, and Iowa Qualified States Soybean Boards also hosted the teams for special events and introduced them to industry representatives in their states.
- ASA-IM Japan's Masako Tateishi escorted a team from the Japan Tofu Association to build food manufacturers' confidence in U.S. non-biotech soybeans. The team learned about the U.S. IP bean production and handling system and the quality and varieties of U.S. tofu beans available. The team met with U.S. food bean producers and suppliers. Tateishi arranged for the team to attend the 2004 Midwest Specialty Grains Conference & Trade Show to learn trends and future of the U.S. IP industry. Tateishi also presented Japanese tofu market and customer requirements for U.S. soy products.
- A team from the Japanese Tofu Association toured Minnesota, Indiana, and Michigan, where they met with IP soybean suppliers and exporters, researchers, and growers. The association membership represents 60 percent of Japan's tofu market. The team learned about the advantages of purchasing U.S. tofu beans, including the strong IP handling systems, and the research being conducted by U.S. companies and universities to improve food bean varieties.





*Staff of the Japanese American Soybean Institute, July 1957. Left to right: Hidekido Sato, translator; Toshi Yonemura, interpreter and nutrition specialist; Shizuka Hayashi, managing director; Yoshiko Kojima, research and promotion specialist; and Yoko Takahashi, secretary*

That first year, ASA established the Japan office to carry out the market development program, participated in the Osaka Trade Fair, and tested the quality of U.S. soybeans under new USDA grading standards. ASA organized a coalition of Japanese business interests for partnership activities. JASI, the Japanese American Soybean Institute, was set up,



*Partnership programs have always been an integral part of ASA activities to build demand for U.S. soybeans and products. Bringing foreign customers to the United States to meet with growers provides opportunities for buyers to see firsthand the efficiency and quality of U.S. production. Visits to export destinations help U.S. farmers understand customer needs, and also give them a chance to thank customers in person for their purchases.*

which provided the confirmation of understandings between ASA and representatives of the Japan Oil and Fats Manufacturers Association, Nippon Shoyu Association, Japan Miso Industrial Association, the Japan Tofu Association, and the Soybean Importers and Exporters Association. These Japanese associations contributed funds for activities, materials, and expenses that could not be covered with P.L. 480 funds.

### **Market Development Defined**

Over the years, ASA's farmer leaders would define market development as "a combination of activities and programs directed at all levels that result in greater use of soybean products by the end user." This includes working with government officials, industry leaders at all stages from buyer to retailer, university and research technicians, and the technical and popular news media. The objective of market development is increased demand for end products in order to stimulate demand for the raw materials — U.S. soybeans, oil, and soybean meal.

These innovative farmers realized that their goal was to enlarge total demand for soybeans and soy products, and they took care not to confuse sales promotion with market development. Individual companies and organizations had to bear responsibility for capturing a greater share of the existing soy market for themselves; they could not afford to do market development work that could benefit their competitors, and were ineligible for government financing and other assistance.

ASA leaders also mandated that soy market development be carried out in a manner that would not jeopardize markets for other U.S. agricultural commodities.

In the 1950s and 1960s, ASA would open additional international marketing offices and begin market development activities on Taiwan and in Germany, and Iran. During the 1970s, 1980s, and 1990s, ASA would open offices in Austria, Belgium, China, Cyprus, India, South Korea, Mexico, Russia, Singapore, and Venezuela. From these offices, ASA staff



*Jack Yamashita of ASA, Tokyo, on receiving the FAS Incentive Award Certificate. Left to right: John D. Mortimer, deputy Far East director; Mitsunori Amano, bookkeeper/statistician; Robert W. Allewelt, FAS Fats and Oils Division; Kaoriko Shimodaira, executive secretary; Ralph Jackson, executive vice president, ASA Iowa; Jack Yamashita; David L. Hume, agricultural attaché, FAS Tokyo; Yoshiko Kitade, secretary; Noboru Korikoshi, administrative assistant.; Yoshiko Kojima, food section chief; and Scott Sawyers, Far East director*

and consultants could reach out to customers in more than 80 countries around the world.

After nearly 50 years of successful U.S. soybean export activities, in 2005 ASA and USB formed USSEC to continue

#### e-Sources

For more information, visit the following Web sites:

ASA (the American Soybean Association):

<http://www.SoyGrowers.com>

ASA-IM Japan (ASA International Marketing Japan): <http://www.asajapan.org>

USSEC (the U.S. Soybean Export Council):

<http://www.asasoya.org>

USB (the United Soybean Board):

<http://www.unitedsoybean.org>

these efforts. Due to ASA's worldwide name recognition and excellent reputation, USSEC will continue to conduct market development activities under the name ASA-IM. These efforts are made possible by ASA's investment of cost-share funds from FAS and by producer checkoff dollars invested by USB and state soybean Councils. ■

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